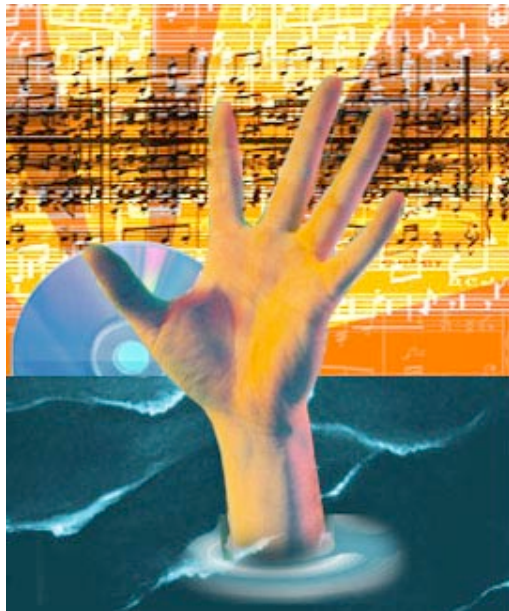




**Recording Industry Association of America:
Anti-piracy Campaign and a Declining Recording Industry**





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Beginning in 2003, the Recording Industry Association of America (RIAA) has pursued numerous lawsuits in an effort to dissuade consumers from using Internet file-sharing software that enables them to download music without paying for it. The RIAA and its affiliate's believe that this is an illegal action and has done irreparable damage to the music industry and its artists. Internet file-sharing is not an illegal action unless the files being downloaded are copyright-protected files, such as music files. These file-sharing networks were introduced right before the new millennium. They have been accused of turning the recording industry on its head. Some who oppose the RIAA and its efforts are all for it. The RIAA and its members are not of course, and pursue a vigorous campaign of legal action that has generated a great deal of publicity about the issue.

Equalization

Before the digital era, the RIAA was an association responsible for administering the *RIAA equalization curve*, a technical standard for vinyl records. Formed in 1952, the RIAA describes itself as a "trade group that represents the U.S. recording industry."¹ Membership to the RIAA is claimed to represent 1,637 labels that produce music in all formats, representing 90% of all "legitimate sound recordings produced in the United States."²

The current business model implemented by the RIAA is a sales-based revenue model, which collects payment from sales (CDs, cassettes, legitimate downloads, etc.), and disperses payment to those who produce, distribute and promote the work, and royalties to those who create the music. The recording industry is "built on the backs of songwriters and music publishers."³ The RIAA claims that these are the ones who lose the most from the illegal file-sharing of music online. According to Kerry Sherman, the current president of the Board of Directors for the RIAA, nearly half the songwriters in Nashville don't have their jobs after five years of online piracy, royalties are down and artists can't get signed to record labels.⁴

The RIAA continues to pursue methods of protecting the music industry and preserving the current business model. The continued work of the association is designed to "protect intellectual property rights worldwide and the First Amendment rights of artists."⁵ The events over the past five years



have taken a toll on the recording industry, and both the RIAA and its affiliated members strive to find a solution to the digital piracy issues facing the industry.

RIAA Mission

According to the RIAA website, the organization is “committed to helping the music business thrive.”⁶ This is clearly the case with such an extensive anti-piracy campaign. Nearly 26,000 lawsuits have been filed on behalf of the RIAA and its members.⁷ This campaign prominently displays the RIAA’s stance against digital music piracy. Through their efforts and lawsuit campaign, the RIAA sends a clear message to those using file-sharing services to downloading music without paying for it is illegal and has consequences.

Paying versus Sharing

The major problem facing the RIAA and the recording industry is illegal music downloading. After the introduction of file-sharing software (e.g. Napster, Limewire, Bearshare, etc.) the recording industry has experienced a dramatic decrease in sales. Currently, illegal downloads are growing at 60% a year and are 10 times as common as legal digital sales.⁸ In 1999 the recording industry was responsible for \$14,584.5 million in sales (see appendix A). It was the recording industry’s best year. Last year those sales figures fell to \$11,510.2 million, a difference of nearly \$3 billion.⁹ It has been reported by the Institute for Policy Innovation that theft of copyright-protected music has cost the US \$12.5 billion in revenues.¹⁰

Another problem that escalates this situation is the fact that “people who download music illegally usually don’t think they’re running a big risk.”¹¹ There are only a handful of Internet users who understand the consequences of downloading illegal music files on P2P networks. The consumers who do understand the consequences have been confronted by the RIAA, and have either brought their cases to court, or settled out-of-court for “typically less than \$5,000.”¹²

Innovative technology, such as digital photography and the Internet, has a history of significantly changing markets and the businesses that operate within those markets. Some consider the Internet to be the greatest technological shift in the music industry since the 1920s.¹³ Though the RIAA has clearly presented their position on the issue, some critics believe that it could have been avoided. The Internet has gained popularity with consumers since the early 1990s, and the problem facing the RIAA now is said to



be the result of the “industry’s failure to respond constructively to the changed circumstances imposed on it by the Internet.”¹⁴ However, with the introduction of such services as iTunes, Rhapsody and the *new* Napster, legitimate digital downloads are growing in popularity. In 2001 only 0.2% of all music sold was bought from one of these legitimate online services, and in 2006 that number jumped to 6.7%, which appears to be an upward trend.¹⁵ Still more reports conclude, that “the labels’ failure to address online piracy at the beginning,” is the root of the problem facing the recording industry.

Peer-to-peer networks

With the introduction of the Internet, many new technologies have become available to the general public. The technologically savvy Generation Y and Millennial generation have become well aware of the capabilities of using computer software to download files and information (i.e. music files). This was first introduced with the release of Napster in 1999. This old version of Napster was shut down by the RIAA, but new and improved software quickly took its place.¹⁶ These peer-to-peer (P2P) networks are not illegal in and of themselves. But what they can potentially be used for (i.e. downloading copyright-protected music files) is illegal.¹⁷ These music files were never paid for by the end user, and were therefore gained illegally.

The peer-to-peer (P2P) structure is a network of “peer machines,” each with a unique Internet Protocol (IP) address.¹⁸ Currently, there are many different programs available to consumers such as Limewire, Bearshare, WinMX, Aimster, and Kazaa.¹⁹ These P2P networks and programs are at the center of the issues facing the RIAA and the recording industry. Additionally, each generation of software that becomes available is harder to survey and monitor. The reason for this is that “no one [peer machine] knows about all the other [peer machines] on the network, making surveillance of the network difficult, but not impossible.”²⁰

According to the RIAA, P2P networks pose many disadvantages to the creators and producers of music and other creative work. In the P2P scenario, the creator does not receive any monetary compensation.²¹ This is the heart of the problem facing the recording industry. With these problems and no current solution to them “the industry’s traditional sales-based revenue model – based as it is on the sale of hit recordings -- will soon no longer be sustainable.”²²



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